

BUSINESS INSIDER

Visa continues to see impressive growth in key segments in Q3 earnings



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Visa has leveraged a strong appetite for credit and its strategic investments to post solid gains in key segments during its Q3 2017 earnings.

It's important to note that this growth will look strong year-over-year (YoY), but not sequentially, as this is the first quarter Visa Europe is included in last year's numbers — Visa Europe was acquired last June for more than \$20 billion.

- **Visa continues to experience double digital growth in payment volume YoY, even when the addition of Visa Europe is included in last year's figures.** There was just over \$1.9 trillion in payment volume in Q3 2017, representing a strong 10% increase YoY on a constant currency basis — for reference, the previous quarter saw 38% growth YoY, highlighting how significant the Visa Europe acquisition was. When breaking down this volume by region, the majority of Visa's payment volume comes from its international segment — \$1.1 trillion was processed internationally — while in the US, the company processed \$836 billion on its network.

• **Total transactions grew at a similar rate to payment volume.** The total number of transactions that were processed by Visa clients surpassed 43 million in Q3, up 10% YoY. The breakdown of these transactions remained the same YoY, as credit cards represented 35% of transactions, and debit cards represented the remaining 65%.

Even when adding Visa Europe's numbers into last year, the card network still saw strong growth, which is likely a reflection of Visa's strategic investment strategy. Visa is not only seeking out more partnerships, but is also expanding its digital services to reach more consumers in order to drive growth. The firm launched mVisa, its mobile payment solution, in Kenya and Nigeria; partnered with Fitbit and Garmin to enable digital payments through their wearable devices; extended its PayPal partnership with PayPal Europe; and rolled out a rewards program with Uber.

All of these initiatives come after Visa captured two massive card portfolios, including the co-branded Costco portfolio from Amex in 2016, and the portfolio of the nation's 10th-largest credit card issuer, USAA, according to the Nilson Report. These investments will likely help Visa boost the payment volume and transactions it's seeing on its network.

Digital disruption is rocking the payments industry. But merchants, consumers, and the companies that help move money between them are all feeling its effects differently.

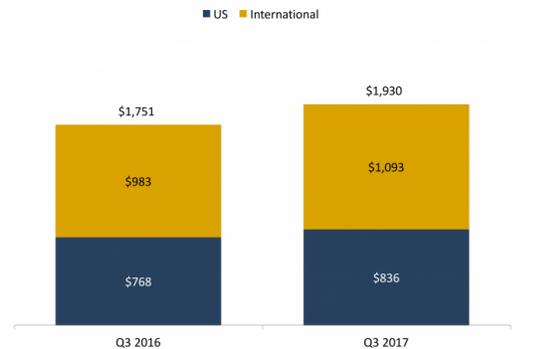
For banks, card networks, and processors, the digital revolution is bringing new opportunities — and new challenges. With new ways to pay emerging, incumbent firms can take advantage of solid brand recognition and large customer bases to woo new customers and keep those they already have.

And for consumers, the digital revolution is providing more choice and making their lives easier. Digital wallets are simplifying purchases, allowing users to pay online with only a username and password and in-store with just a swipe of their thumb.

Dan Van Dyke, senior research analyst for BI Intelligence, Business Insider's premium research service has written a [detailed report that explores the digital payments ecosystem](#) today, its growth drivers, and where the industry is headed. The report also:

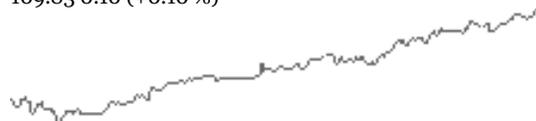
- Traces the path of an in-store card payment from processing to settlement across the key stakeholders.

Visa Gross Payment Volume (GPV), By Region
Billions (\$)



Source: Company filings

V Visa Rg-A
109.83 0.10 (+0.10 %)



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- Forecasts growth and defines drivers for key digital payment types through 2021.
- Highlights five trends that are changing payments, looking at how disparate factors, such as surprise elections and fraud surges, are sparking change across the ecosystem.

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